

## **ELIGIBILITY INDEX**

### **CLEAN WATER FUND PROGRAM**

This index is a synopsis of Wisconsin Clean Water Fund Program (CWFP) **eligible/allowable** cost regulations, guidance, and policies. Cost items are listed for specific eligibility determinations.

The purpose of this index is to facilitate a preliminary review by both the municipality and the consultant before they submit an application or a payment request to the Department. The CWFP requires that items funded must be necessary for the project and have reasonable costs.

This index addresses the eligibility of many items that are not explicitly addressed by the statutes or codes. The statute or code should be examined for eligibility of items before consulting this index.

**ABANDONMENT** – Abandonment of an entire or portions of a treatment works is an eligible cost if approved in the plans and specs or by appropriate DNR staff. Portions of treatment works that may be abandoned include but are not limited to: lagoons, lift stations, monitoring wells, buildings, sand filtering systems, and clarifiers. Abandonment may include such activities as demolition, removal and disposal of municipal waste or other debris, and re-landscaping.

Unsewered areas may have additional issues regarding abandonment. Sanitary districts must comply with s. 60.726, Wis. Stats. See also “Demolition”.

**ACCESS ROADS** – Access roads included in the plans and specs are eligible. Access roads may be gravel or paved and may include curb and gutter. An access road may be: 1) a road from a wastewater treatment plant site to the nearest public roadway; 2) a road within the confines of a wastewater treatment plant site; 3) a road to a lift station or pumping station; 4) a road to a manhole; 5) a road to a cluster system; or 6) another necessary access road.

**ACQUISITION OF TREATMENT WORKS** – In acquisition issues, there are several scenarios.

1. Buying capacity in an existing treatment works that is not being expanded is generally ineligible. These fees are often called hookup fees or buy-in costs.
2. On a case-by-case basis, acquisition costs for an entire or portion of a treatment works may be eligible.
3. Acquisition of treatment works or capacity when treatment works were built with Wisconsin Fund monies are ineligible.

**ADMINISTRATION OF CDBG** – Any contract costs for administering a municipality’s Community Development Block Grant (CDBG) are ineligible.

**AMERICANS WITH DISABILITIES ACT (ADA)** – Costs associated with meeting ADA requirements are eligible. Municipalities must examine and conform to ADA requirements.

**APPLICATION PREPARATION** – We can reimburse the salary of a municipal employee (not elected officials or on-staff attorney) if the municipality can comply with the force account certification requirements. Application preparation is also eligible when it is part of a consultant contract. See Force Account and Ordinary Operating Expenses.

**ARCHAEOLOGICAL/HISTORICAL SURVEYS AND WORK** – Costs identified or incurred for historical, architectural, archaeological, and cultural resources work during the facility planning and design phases of a project are eligible. Eligible costs include but are not limited to the costs of: on-site

inspections, review of pertinent documents, photographic reconnaissance, services of archaeologists and historians.

**ARCHITECT/ENGINEER COSTS** These costs include but are not limited to: application preparation, travel, indirect costs, labor, and public participation.

Construction phase A/E costs must be prorated if ineligible construction and equipment costs are 10% or more of total construction and equipment costs. Costs typically prorated include inspection, project management, bidding services, contract preparation, and project closeout activities.

**AUDITS** – Costs associated with annual municipal audits are ineligible.

**BUILDINGS** – Buildings for wastewater treatment purposes, such as administration or storage buildings, are eligible if included in the approved plans and specifications. Costs for buildings that are shared with other municipal entities, such as a water utility, may be prorated.

**CAPITALIZED INTEREST** – A municipality may capitalize the interest on a CWFP loan, meaning the municipality actually borrows monies from the CWFP to make its May and/or November interest payment(s). Capitalization of interest on a CWFP loan is allowable under the following circumstances:

- a. construction of the project is on behalf of a newly-created utility with no current service area or current customer base, or
- b. the project will serve a substantial group that has not been extended services in the past, and thus has not been paying sewer bills (expansion of service area/customer base).

**CLOSING COSTS** – The following are eligible costs when incurred for a CWFP loan closing:

- a. Bond counsel fees – If a CWFP loan to a municipality is greater than one million dollars, we require a bond counsel opinion. The opinion must address the validity, enforceability and tax-exempt status of the bonds. For municipalities requesting less than one million dollars, we may require a bond counsel opinion. We strongly recommend that ALL municipalities closing on a CWFP loan hire a bond counsel to provide an opinion addressing the validity and enforceability of the debt.
- b. Legal fees – Any legal fees incurred for the express purpose of rendering a legal opinion for the issuance of general or revenue obligation are eligible.
- c. Financial advisor fees – Financial advisor fees related to the CWFP loan closing are eligible.

**CLUSTER SYSTEMS** – See Individual Systems

**COMMISSIONS** – The CWFP will handle loans for projects involving municipalities that are members of a joint commission, doing the administrative work or operating the treatment facility on a case-by-case basis. The actual loan(s) cannot be made directly to the commission but rather must be made to individual municipalities. We may provide funding to all or some of the member municipalities of the commission for the project. Typically, each member municipality of the commission is assigned a percentage of the project/treatment facility; these percentages are used to determine the costs attributable to each municipality.

The CWFP requires agency agreements for these types of projects; agency agreements are reviewed for similar language as in intermunicipal agreements. The CWFP will pay eligible costs (administrative, legal, etc.) for work performed by the commission on the project. **The costs incurred forming the commission are not eligible.**

In some cases, the commission turns in one pay request for each requested disbursement, and the CWFP makes one disbursement to the commission itself. We can also make individual disbursements to member municipalities if each submits a separate pay request.

**COMPUTERS** – Computers, printers, and other computer-related equipment and software are eligible for CWFP monies. We consider it to be necessary and reasonable for municipalities to purchase computers for accounting purposes, billing systems, operation and maintenance of the treatment works, and other uses.

**CROSSOVER SEWERS** – Crossover sewers may be eligible when it is determined that they are more cost effective than the installation of an eligible parallel sewer. A crossover sewer or crossover service connection is defined as “the sewer to connect one or more properties on one side of a major street, road, or highway to the collection system on the opposite side”. These connections are typically seen in urban situations.

**DEMOLITION** – In order for demolition costs to be eligible, the existing structures must be part of:

- the treatment works,
- a structural urban BMP project,
- site preparation, or
- demolition as part of the abandonment procedures as approved in the plans and specifications or by appropriate DNR staff.

These costs are eligible if the demolition is part of an eligible CWFP project under s. NR 162.03(1) or (2), Wis. Adm. Code.

The eligible costs of demolition do not include normal operation and maintenance costs.

See also “Abandonment”.

**EASEMENTS** – Costs related to acquisition of easements and rights-of-way, including administrative and legal costs, are eligible. However, easements or ownership are not the only way to gain necessary access for the purpose of operation and maintenance of, or construction related to, the treatment works. Some municipalities are acquiring the necessary legal access by incorporating language into their Sewer Use Ordinances.

**FEDERAL EQUIVALENCY** – The costs associated with meeting federal equivalency requirements are eligible for CWFP financial assistance.

**FORCE ACCOUNT VS. ORDINARY OPERATING EXPENSES** –The EIF can reimburse for work performed on a CWFP project by on-staff engineers, clerks, accountants, and others. Municipalities must comply with all Force Account Certification requirements by completing Form No. 8700-245.

- ✓ Salaries and expenses of elected officials and on-staff municipal attorneys are ineligible for CWFP monies.
- ✓ No legal costs should be charged to the force account. Legal costs are eligible as administrative or closing costs if performed by an attorney who is on contract or retainer for the municipality and who bills the municipality for his or her time devoted specifically to the CWFP project.
- ✓ In general, costs eligible as force accounts include costs for work that is typically contracted out but can be more economically performed by qualified in-house staff. For example, application preparation, planning, design, landscaping and inspection costs may be included in the force account line item if performed by municipal staff.

**GROUNDWATER MONITORING FACILITIES** – Costs associated with groundwater monitoring equipment or facilities that are part of an eligible project are allowable.

**HOOKUP FEES** – Hookup fees related to one municipality hooking into a treatment works owned by another municipality, is a local issue. The DNR does not regulate these fees. Hookup fees are not an eligible CWFP expense. However, if a hookup fee will be charged to a municipality applying to the CWFP, it is important to negotiate this fee early on and to include the fee in the intermunicipal agreement or other executed document. Also, if a municipality that is eligible for hardship assistance takes out debt for 10 years or more to pay a hookup fee, that debt will be included as prior debt in the hardship calculation.

**INDIVIDUAL AND CLUSTER SYSTEMS** – A municipality may receive financial assistance to construct individual systems serving one or more residences or small commercial establishments if:

- the system is publicly-owned, or if public ownership is not feasible under s. NR 162.03(2)(c), Wis. Adm. Code;
- the applicant complies with chs. NR 162, NR 110, and Comm 83, Wis. Adm. Code (where applicable);
- the Bureau of Watershed Management determines that construction of individual systems or cluster systems is the cost-effective solution; and
- the applicant develops and administers a detailed management plan.

Although individual systems, under certain circumstances, may be privately-owned, the municipality must have the ability to inspect and maintain the systems, condemn failing systems and require installation of new systems. Maintenance includes but is not limited to pumping and hauling of holding tank and septic tank wastes. The management plan must detail the municipality's responsibility and authority to operate, maintain, and replace systems within its boundaries. The municipality shall develop a management plan during facility planning and submit a draft plan with the CWFP loan application. The management plan must be executed before the CWFP loan closing.

Per s. 281.58(13m)(7), Wis. Stats., a project with construction costs of \$750,000 or less need only have a user charge system to cover the cost of debt service and equipment replacement funds. The following costs are eligible:

- Costs incurred in developing a management plan.
- Costs for the treatment portion and treatment residue disposal portion of toilets with composting tanks, oil-flush mechanisms, or similar in-house devices.
- Costs of construction site restoration to original condition or upgraded to meet state and local requirements.
- Cost for land on which the individual systems are located, if the system is publicly owned and maintained.

Costs for the waste-generating fixtures and associated plumbing from the residence or commercial establishment to the treatment unit are ineligible, as are modifications to homes or other buildings for installation of special devices.

**INDUSTRIAL FLOWS** – See “Parallel Cost Percentage.”

**INSPECTION** – Costs associated with technical inspections of the project are eligible. These costs can be included under Force Account and/or Construction Management.

**INSURANCE** – General liability and builders risk insurance is an eligible expense as well as a FAA requirement. A municipality may carry construction insurance but often the insurance is a part of the construction contract. If the municipality feels it is necessary to carry additional insurance for the project (e.g., public liability insurance for personal injuries or property damage), those costs are ineligible for CWFP financial assistance.

**INTEREST AND LATE FEES ON DELAYED PAYMENTS** – Any interest or late fees charged a municipality for delayed payments are ineligible for CWFP assistance.

**INTERIM FINANCING** – Costs associated with the approval, preparation, issuance, and sale of interim financing (including bond counsel, financial consultants, and underwriter's fees) necessary for CWFP projects are eligible costs.

The current CWFP interim financing policy limits the total issuance costs to \$7,500 plus ½% of the total issuance (debt). This policy applies to all interim financing issuance costs. All costs above and beyond this policy are ineligible.

- a. *Bond Counsel* – Bond counsel fees are an eligible expense for interim financing. However, costs must comply with the current interim financing policy.
- b. *Legal Fees* – Legal fees associated with interim financing such as bond counsel fees are eligible. In the event the municipality issues debt that covers more than one project, the legal costs need to be prorated for that portion of the debt reimbursed or refunded with CWFP proceeds.

*Net Interest Expenses* – The CWFP will finance reasonable and necessary net interest expense which municipalities may incur as the result of securing interim financing for planning, design and construction phases of an eligible project. Net interest expense is accrued interest less any interest earnings the municipality made on unspent monies of the interim financing. Note: IRS regulations do not allow for the reimbursement of principal or interest payments made by the municipality out of its ordinary operating funds.

**LABORATORY EQUIPMENT AND SUPPLIES** – Laboratory equipment and supplies related to initial setup, upgrade or expansion of the lab are eligible for CWFP assistance. Costs associated with ongoing laboratory operations (i.e., chemicals, glassware, etc.) should be part of the O&M budget and are not eligible for CWFP assistance.

**LAND** – Legal costs associated with certifying the CWFP applicant's ownership of the project site is an allowable cost. If, for any reason, the legal opinion is for land deemed ineligible under ch. NR 162, Wis. Adm. Code, the costs of this opinion are ineligible, or prorated as appropriate. If municipally owned land is available, the legal opinion is sufficient as proof of land availability.

- a. *Site Acquisition* – The following costs are eligible:
  - Land used for a part of the treatment process, such as land used for the disposal of residues, for treated wastewater storage before land application, composting or temporary compost residue storage for an approved compost program.
  - Land on which the treatment works and lift stations will be located.
  - Costs of an administrative and legal nature for securing appropriate land and easements.
  - Land purchased to serve as the required "buffer zone" between the treatment works, etc., and developed areas.
  - Costs related to the purchase of easements.
  - Land costs related to sludge spreading and composting applications.
- b. *Relocation Costs* – Relocation costs necessary for construction of the project are eligible. Costs of implementing the State of Wisconsin Relocation Law defined under ss. 32.185 – 32.27, Wis. Stats., and 49 CFR, Part 24 (DOT), "Uniform Relocation Assistance and Real Property Acquisition for Federal and Federally Assisted Programs" are eligible.

**LANDSCAPING** - Landscaping and architectural features are eligible in accordance with the policy that the treatment works should blend with its environment/surroundings.

**LATERALS** – See Sewer Service Lines

**LEASES** – Leases are generally ineligible because they are on-going and are viewed as operating expenses. However, there could be exceptions and these should be discussed with the project manager and the Dept. of Administration.

**LIQUIDATED DAMAGES** – Costs associated with liquidated damages (judgments, law suits, arbitration or lien waivers) are ineligible.

**MOBILE EQUIPMENT** – This equipment is eligible if included in the plans and specifications approval by Watershed Management as necessary for the operation and maintenance of the treatment works or if recommended by the appropriate DNR staff. Such equipment must be necessary for the transmission of wastewater, storm water, sludge or for the maintenance of plant grounds and/or equipment. Eligible items include, but are not limited to:

- a. Portable stand-by generators or large portable emergency pumps to provide “pump-around” capacity in the event of pump station failure or due to pipeline breaks.
- b. Sludge tanks, trailers and other necessary vehicles (if cost-effective) having as their sole purpose the transportation of liquid or dewatered waste from the collector point to the treatment facility or disposal site. Also, cars and trucks used for sludge transport and application equipment or other uses when exclusively used by the wastewater utility.
- c. Grounds and maintenance apparatus. Such equipment may include, for example, mowers and snow removal equipment.
- d. Sewer cleaning equipment.

Where applicable, replacement fund monies may be applied toward these costs. If the piece of equipment is used only for wastewater collection, conveyance and treatment plant purposes, the entire cost is eligible; otherwise, it is prorated.

**MONITORING EQUIPMENT** – Monitoring equipment at the treatment works used to monitor industrial and commercial discharges is eligible provided it is part of the DNR approved plans and specifications, or recommended by DNR construction management or basin engineer.

**OPERATION AND MAINTENANCE** – Equipment service, including preventive maintenance, correctional maintenance and replacement of equipment, are ineligible for CWFP monies. Maintenance agreements, financial and personnel management, records, laboratory control, process control, safety and emergency operation planning are also ineligible. See Startup Services for similar costs that are eligible.

**ORDINARY OPERATING EXPENSES/NORMAL GOVERNMENTAL EXPENSES** - Costs incurred by a municipality that are typical business expenses and are not incurred solely for the CWFP project are ineligible. Municipalities are required to pledge tax-exempt bonds to the state in return for CWFP loans; therefore, all CWFP monies should be spent on capital expenditures.

- a. *Permits* – Permits obtained by the municipality and/or paid with municipal funds that are solely for the project are eligible. Examples of these permits/fees include railroad crossing permits, Chapter 30 permits, and building, electrical and plumbing permits, etc. If these permits are part of a construction contract, the costs will be paid as part of the contract. If obtained outside of the construction contract, the municipality must provide documentation of the cost. The cost of a municipality’s WPDES permit for discharging from its wastewater treatment plant is ineligible

because this cost is not incurred solely for the project. At times, however, a special WPDES permit specific to construction of the project is needed; these special, project-specific WPDES permits are eligible.

- b. *Service Fees* - Fees for services provided to a municipality by a state agency (DOT, DNR, Commerce, etc.) are eligible if the service was necessary solely because of the CWFP project.
- c. *Legal Fees* – Legal costs are eligible if the legal work is project specific and is performed by an attorney that is not an on-staff municipal attorney. We identified categories of legal expenses for purposes of determining eligibility of these costs.
  - **Eligible:**  
Project specific - includes legal reviews of A/E or construction contracts, user charge and sewer use ordinances, management plans, intermunicipal agreements, and legal work necessary for securing eligible permits.
  - **Ineligible:**
    - 1. Project related – includes legal work for setting up a wastewater commission, metro sewerage district, sanitary district, or a utility district.
    - 2. Litigation related – including legal expenses incurred regarding liquidated damages, contract disputes, appeals, etc.
- d. *Postage and Phone Bills* – Costs relating to postage, phone bills, fax bills and other utility bills are considered ordinary operating expenses and are ineligible.
- e. *Municipal Salaries* – Salaries of elected municipal officials and on-staff municipal attorneys are ineligible. See Force Account for further information regarding municipal employees' salaries.
- f. *Interest on Late Payments* – Any interest on late payments is ineligible.

**OFFICE SPACE, EQUIPMENT & FURNISHINGS** - Eligible costs include but are not limited to: telephones/walkie talkies/answering machines, computers, AV equipment for training, printers, software, copy machines, office furniture, shop furnishings, and air conditioning at the plant site. Such items necessary to the administrative and/or technical functioning (including training and meetings) of the treatment works, and a part of the DNR approved plans and specifications or approved by appropriate DNR staff, are eligible.

Sewer utility office space within the treatment plant is eligible. However, these costs must be prorated if services other than the sewer utility are also provided. Office space primarily used for purposes unrelated to wastewater treatment (e.g., town or village board meetings) is ineligible.

**PARALLEL COST PERCENTAGE** – The CWFP cannot subsidize industry or state and federal facilities. Also, we do not subsidize costs for future growth beyond 10 years. The parallel cost percentage is used to place the project costs related to these items at the market interest rate. The costs included in the calculation of the parallel cost percentage are as follows:

- a. The cost of reserve capacity for sewage collection system, interceptor or individual system projects in unsewered municipalities necessary to serve projected flows beyond the initial flows expected at the project completion date.
- b. The cost of reserve capacity for wastewater projects necessary to treat projected flows beyond 10 years from the project completion date.
- c. The cost of capacity for present and future flows from industrial users.

- d. The cost of any portion of a project to correct violations of effluent limitation contained in the permit or violations of performance standards.
- e. The cost for the flow from state and federal facilities if the flow exceeds 5% of the total flow to the treatment works.

The plan reviewer for a project reviews the parallel cost percentage information provided by a municipality's engineer and provides an approved percentage to the CWFP project manager. In addition to using the parallel cost percentage to determine costs that will be funded at market rate, the CWFP project manager must also determine if there will be additional costs placed at market rate due to a sanction as a result of noncompliance with MBE/WBE good faith efforts. Once these two issues are resolved, the project manager will determine a composite interest rate for the project (blending the market rate portion with the below-market portion of the project).

**PRETREATMENT** – Costs for construction of privately-owned pretreatment facilities and costs for monitoring equipment used by industry for sampling discharges to municipal works are ineligible for CWFP assistance.

Costs for monitoring equipment used by a municipality to sample and analyze industrial discharges to a municipal treatment facility are eligible. Costs for steps taken by a municipality that require the reduction or treatment of high strength, toxic, or hazardous waste prior to discharge into the municipal treatment works are eligible. Development and construction costs associated with a municipal pretreatment or toxicity reduction program for a municipal treatment works are eligible.

**PRIVATE ACTIVITY** - Municipalities must issue a tax-exempt obligation as security on their CWFP loan. This tax-exempt status must meet the requirements of the Internal Revenue Code of 1986. Municipalities can accept flows from industrial users (private use) without having private activity problems. Generally, if a municipality does not have a customer which contributes more than 10% of the revenues to the municipality's User Charge System, there should not be a private activity problem. If a municipality has a customer that contributes more than 10% of the revenues to the User Charge System, the municipality and the CWFP need to determine if there is a private activity problem. The CWFP can still offer financial assistance to municipalities with private activity problems. However, the municipality may need to meet alternative minimum tax requirements.

**PROJECT SIGNS** - Basic CWFP and permanent plant identification signs are eligible.

**REPLACEMENT (MAINTENANCE, REHABILITATION)** - Replacement, repair or rehabilitation of the plant or collection system identified in the plans as a cost-effective and necessary part of an eligible project is eligible, even if it is necessary to rehabilitate the entire treatment works.

**RESTORATION OF STREETS AND RIGHTS-OF-WAY** - The cost of restoring streets and/or rights-of-way is an eligible cost, provided the need for such restoration results directly from the construction of the eligible project. Repairs of damages to items such as pavement, sidewalks, or storm sewers are generally eligible. These costs are ineligible if incurred due to contractor negligence.

**SAFETY EQUIPMENT** - Safety equipment included in the approved plans and specifications, or approved by appropriate DNR staff, is an allowable cost. Such safety equipment should meet applicable local, state, federal, and industry regulations and standards.

**SALVAGE VALUE** - Salvage value of existing material that remain the property of the municipality will not be recovered by the state. It is not subject to refunds, rebates or credits.

**SERVICE CHARGES** – Service charges incurred by the municipality are eligible for CWFP assistance when claimed on an actual cost basis. If these costs are not part of the budgeted costs for the project



in the Financial Assistance Agreement, the CWFP may not be able to pay the municipality for service charges claimed.

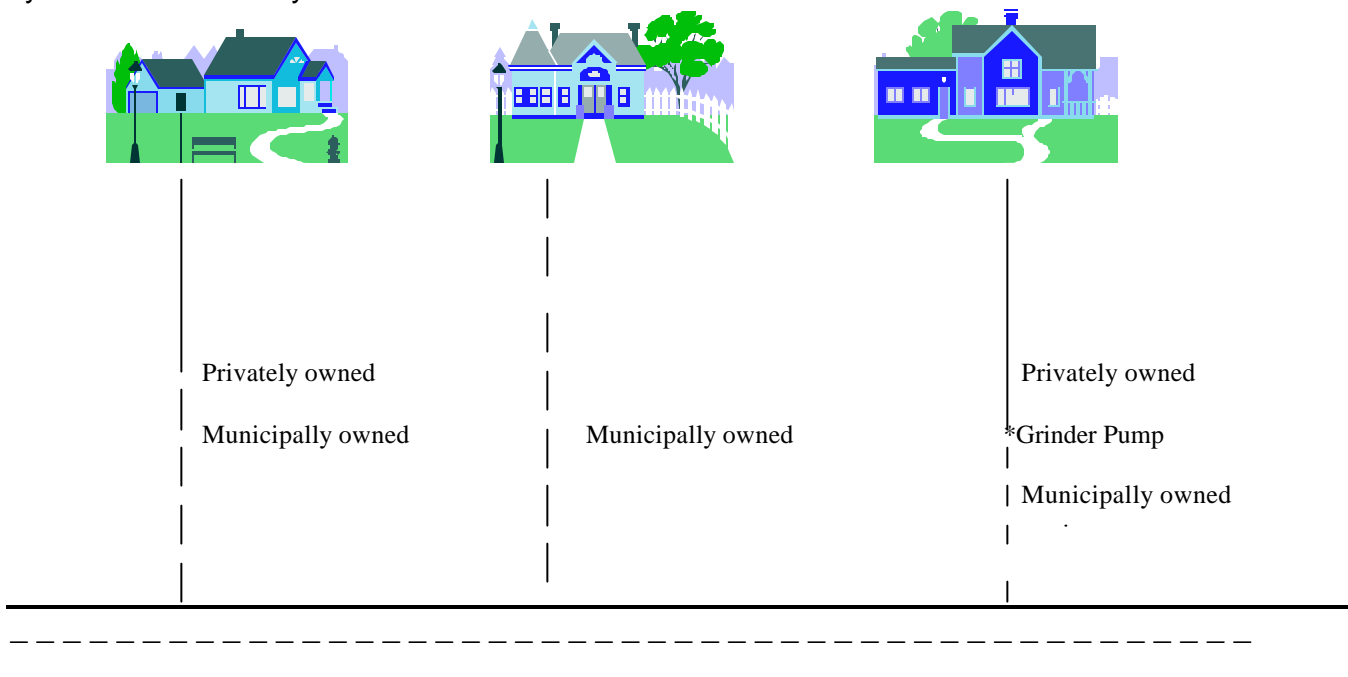
**SEWER SERVICE LINES** – A sewer service line connects a residence, commercial establishment, institutional facility or industrial user to a municipal sewage collection system. The municipal section is that part of the sewer service line that the municipality owns and maintains. The point at which the service line changes from the municipal section to the privately-owned section is determined by the design of the system for each connection. Generally, the municipal sections are located in the public right-of-way.

The following items, commonly listed in bid documents, may all be associated with connecting an establishment with a municipal sewage collection system:

- \* 4" or 6" lateral
- \* service connections
- \* service branches
- \* grinder pumps
- \* pressurized pipes
- \* risers
- \* riser pipes

**Eligible:** Any of the above items that are municipally owned and/or maintained are eligible including the reconnection of private laterals due to rehabilitation of an interceptor.

**Ineligible:** Any of the above items that are privately owned and maintained are ineligible. NR 162.003(37), defines lateral as “a privately-owned sewer service line that connects a residence, commercial establishment, institutional facility or industrial user to a municipal sewage collection system or individual system”.



Key = Ineligible ———  
 Eligible — — —

**SITE PREPARATION** - Costs associated with the preparation of the treatment works site are eligible. These costs include such items as: grade and construction staking, surveying for alignment and slope, preparation of working drawings and plans dealing with preparation, location, slopes, grades, distances, depth alignments, etc.

**SLUDGE REMOVAL** – Sludge removal, in and of itself, is considered a maintenance activity rather than construction and is ineligible. Sludge removal should be included in the O&M costs in order to keep the plant running efficiently. If sludge removal is part of a capital improvement project, such as an upgrade of a STP, lagoon abandonment or conversion of a lagoon into an equalization basin, the costs are eligible.

**SPARE PARTS** - Spare parts for items included in the approved plans and specifications, or approved by the appropriate DNR staff, are eligible.

**SPECIAL ASSESSMENTS** - Legal and financial costs associated with preparing/developing special assessments are eligible if the municipality is pledging special assessments for its CWFPA financial assistance.

**SPECIAL DISTRICTS** - The mechanics of establishing special purpose districts such as sanitary districts, utility districts and joint commissions etc., are ineligible because they are normal governmental functions.

**START-UP SERVICES** – Eligible start-up services include:

- a. Pre- and post-start-up personnel training, i.e., on site training given to plant operation and maintenance personnel on the facility's operation and control of specific treatment processes.
- b. Fine-tuning to optimize process controls, i.e., expert operational assistance for adjustment of the treatment process and related equipment functions to optimize performance, safety and reliability under actual operating conditions.
- c. Laboratory procedures, i.e., on-site training and instruction to assure that the sampling and laboratory testing program needed for satisfactory process control and regulatory monitoring and reporting are fully understood.
- d. Maintenance management system, i.e., start-up services to assure effective implementation of the maintenance management system outlined in the facility's O&M Manual.
- e. Records management systems, i.e., services to provide the training needed to implement a records management system as outlined in the O&M Manual.
- f. Revise the O&M Manual based upon experiences within the start-up period. These revisions must be made during the start-up period.
- g. Off-site formal training programs, if necessary for the operation of the treatment facility.

**NOTE:** Costs normally associated with the operation and maintenance of a municipal wastewater treatment facility, such as salaries for operation and maintenance personnel, chemicals, power, etc., are not eligible. The cost of training for operators to meet state certification requirements under ch. NR 114, Wis. Adm. Code, is also ineligible. Equipment and facility testing is the responsibility of the contractor under the supervision of the engineer and would be included in the construction contract.

**STATE AND FEDERAL FACILITIES** – The costs for the flow from state and federal facilities will be placed at market rate through the parallel cost percentage if the flow exceeds 5% of the total flow to the treatment works.

**STORAGE FACILITIES** – Storage facilities that are used for wastewater pumping equipment, repair vehicles, maintenance vehicles, etc., are eligible if they are included in the approved plans and specifications.

**STORM SEWER SYSTEMS** - On-site (treatment facility, lift station, etc.) storm sewers to handle runoff which are part of the normal wastewater construction design are eligible.

Storm sewers are generally eligible, as defined in ss. NR 162.03(1) and 162.04(1), Wis. Adm. Code.

**TOOLS/EQUIPMENT** – Tools are generally allowable, such as

- Specialized tools for specific purposes
- Ordinary site and building maintenance tools, i.e., wheelbarrows, lawn sprinklers, hoses
- Communication devices, i.e., walkie talkies, cell phones, pagers
- Basic tools, i.e., shovels, rakes, weed trimmers, trash cans, brooms, flashlights, and other multiple-use hand tools

In addition, if the applicant requests to purchase machinery for the purpose of manufacturing and/or repairing eligible treatment plant tools and/or equipment, this cost is allowable.

**TRAINING FOR CWFP RECIPIENTS** - Costs associated with training/workshops/seminars conducted by CWFP are considered eligible. Training for new equipment and new processes related to the project are also eligible. Financial consultants, engineers and lawyers should include training costs within the scope of their contracts.

**TWO-THIRDS REVIEW** - All unsewered projects, in order to qualify for a 70% market interest rate, must meet the two-thirds rule. If an unsewered project does not meet the two-thirds rule, then all of the eligible unsewered construction costs will be funded at market rate. Municipalities and consultants should confer with their project managers and the two-thirds specialist.

**UTILITIES** - Costs associated with the removal, relocation, and/or replacement of utilities are allowable when such activity is necessary for the construction of the eligible project. This includes well relocation and replacement costs if included in the plans and specifications or approved by appropriate DNR staff.

In instances where new utility equipment for service or increased utility capacity requires the installation of new utility equipment, these costs are allowable.

Where there are costs incurred by the municipality for upgrading to standard or new utility costs, these costs are eligible.

If, in the course of moving a utility poll, etc., a water main or other essential utility equipment were to be damaged, the replacement cost is eligible. Costs associated with negligence on the part of the consultant or contractor are not eligible.

**WATER MAINS** - If construction of the project requires the relocation of the water mains, the work associated with the relocation is an eligible cost. If the water mains cannot be placed back into the new location without breakage due to the age, costs to replace the water mains at the same size or mandated minimum size are also eligible.